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SOVIET OFFER OF AUSTRIA TREATY

- I. Board of National Estimates believes that new Soviet offer of peace treaty to Austria is made in all seriousness.
  - A. Although USSR can always produce last-minute gimmick, (tying treaty to German issue or seeking right of post-treaty intervention), so far indications are Kremlin intends to go through with treaty.
- II. If-as we expect-USSR does so, action will be highly significant, and will indicate a new flexibility in Soviet policy following Stalin's death.
  - A. Would mark first substantial
    Soviet concession in Europe
    since end world war II.

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USSR position in Austria not
vital to Soviet, we have previously considered USSR would
tie settlement small Austrian
problem to larger one of Germany
(as Molotov said at Berlin).

- B. Fact USSR now apparently willing to reverse long-standing policy procrastination, settle Austrian treaty separately, indicates—in our view—Soviet concern at recent international developments.
  - 1. Bohlen reports, after recent
    talk with Bulganin, his impression of "greater degree of uncertainty and even concern in
    Soviet government at general
    international situation."



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III. Causes of apparent Soviet policy rever-

sal many and complex, but chief among them is probably Soviet concern over situation created by ratification of Paris accords.

- A. Soviet are preoccupied with threat of a rearmed, pro-Western Germany.
- B. French ratification of accords probably forced USSR to make move on Austria, to restore maneuverability on German question.
  - reunification plus neutralization, on Austrian model,
    (HAUE POWERFUL APPEAL AND WILL)
    WILL lead to West German
    pressure for postponement
    rearmament while new nego-

tiations take place.



## CONSTRUCT

- 2. USSR can still play it both ways: if Austrian move has hoped-for repercussions on German question, Kremlin can go through with treaty; if it fails, can renege at last minute, blame West for failure.
- C. We believe that threatening situation in Far East, together with Soviet desire to reinforce neutralist opposition to US Far East policy, also a factor in USSR's Austrian fambit.
  - 1. Disagree, however, with Lippmann view that Soviet desire to neutralize and protect its
    European rear in case of Far
    East hostilities was dominant Soviet motive.

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Approved For Release 2000/09/11: CIA-RDP79R00890Approper 40027-9 much, if not more, concerned over European as over Far Rast problems.

- D. Another factor in Austrian gambit many
  have been Soviet desire to insure
  Austrian neutralization.
  - 1. Given likely Soviet suspicions that
    US plans bases in Western Austria,
    USSR may have been willing to pay
    price for Swiss-type neutrality.
  - 2. Perhaps Soviets are moving toward broader buffer zone of neutral states as counter to US "encirclement."
- IV. One major lesson to be learned from Austrian settlement is new flexibility of Soviet policy, and possiblity of further moves.
  - A. Austrian move may reflect uncertainty
    of new collegial Soviet leadership and
    its concern over recent trend of cold
    war.

## SECRET

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over nuclear arms race NFIDENTIAL

ation of Malenkov remark that
World War III could mean end
of civilization, Mikoyan last
week told Austrian State Secretary Kreisky that Soviet
development of nuclear weapons
had involved "frightful cost."

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